

AR48



# Annual Report 1970

A-1 STEEL AND IRON FOUNDRY (Vancouver) LTD.  
and its wholly-owned subsidiaries

A-1 STEEL AND IRON FOUNDRY LTD.  
BIRD FOUNDRY LTD. (Non-Ferrous Division)  
Vancouver, B.C., Canada.

Sales Office and Warehouse.  
A-1 STEEL AND IRON FOUNDRY LTD.  
Tacoma, Washington, U.S.A.

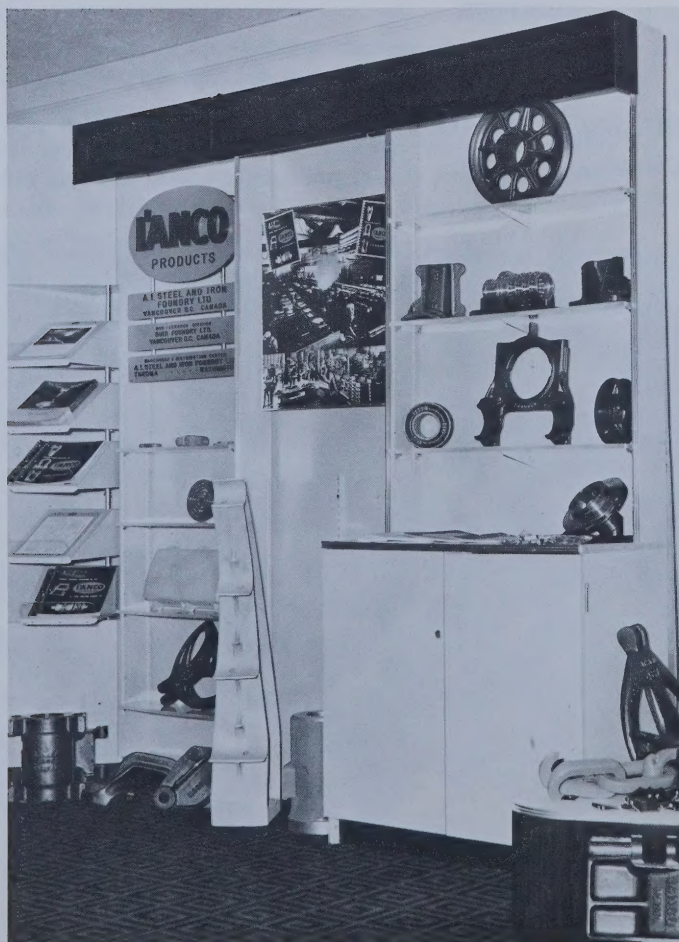




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**A-1 STEEL AND IRON FOUNDRY (Vancouver) LTD.**  
and its wholly-owned subsidiaries

## FINANCIAL REPORT 1970

### CAPITAL

Authorized—	100,000 Class "A" Shares of No Par Value
	180,000 Class "B" Shares of No Par Value
Issued and Fully Paid—	91,000 Class "A" Shares
	177,000 Class "B" Shares

### OFFICERS

Ernest Charles Warner, *Chairman of the Board*  
John Pollock Stark, *President and Chief Executive Officer*  
Charles H. Watters, *Vice-President and General Sales Manager*  
W. D. Miles Boyd, *Director and Sales Manager of I'Anco Products*  
John H. F. Turner, O.B.E., *Director, Vice-President,*  
*Federation of Commonwealth Chambers of Commerce*  
Lovick P. Young, *Director and Foundry Manager*  
John Bruk, *Director, Barrister and Solicitor*

### BANKERS

Bank of Montreal  
Vancouver, B.C.

### AUDITORS

Lactin, Pickering, Genier & Co.  
Vancouver, B.C., *Chartered Accountants*

### TRANSFER AGENT AND REGISTRAR

The Royal Trust Company  
Vancouver, B.C.



## TO THE SHAREHOLDERS

With the end of our 7th year of operation I am pleased to report a record year and continued growth. Sales reached an all time high of \$4,131,494; an increase of 41.8% over the previous year.

During the year we established a sales office and warehouse in Tacoma, Washington to service our U.S. market which is expanding as expected, and will be a growth factor in our overall plan to further diversify our operations.

Overseas markets have improved as indeed have the markets in Eastern Canada and Eastern U.S.

Your companies supply castings to many manufacturers which in turn market throughout the world and it is this diversification which is helping us to maintain a strong position in the current economic atmosphere.

All employees and officers of your company have worked most diligently towards our goal of ever increasing production, quality and service, and I am pleased to thank all of them most sincerely, for the great efforts and interest they show in their work which makes it possible for me to report another successful year of operation.

JOHN P. STARK,  
*President and Chief Executive Officer.*

A-1 STEEL AND IRON FOUNDRY (V)

**CONSOLIDATED BALANCE S**

**ASSETS**

**CURRENT:**

	<b>1970</b>	<b>1969</b>
Cash .....	\$ 100	\$ 100
Accounts Receivable, less allowance of \$11,000 for doubtful accounts (\$11,000 in 1969) .....	951,754	600,302
Inventories — at lower of cost or market .....	631,551	551,414
Prepaid expenses and deposits .....	12,770	12,116
	<u>1,596,175</u>	<u>1,163,932</u>
SPECIAL REFUNDABLE TAX	<u>—</u>	<u>4,380</u>

**FIXED, at cost:**

Plant buildings, equipment and other depreciable assets .....	1,389,760	1,295,752
Accumulated depreciation .....	<u>578,904</u>	<u>463,721</u>
	810,856	832,031
Land .....	<u>83,853</u>	<u>83,853</u>
	<u>894,709</u>	<u>915,884</u>
INCORPORATION AND PRELIMINARY EXPENSES, at cost	<u>13,900</u>	<u>13,900</u>

	<u><u>\$2,504,784</u></u>	<u><u>\$2,098,096</u></u>
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APPROVED ON BEHALF OF THE BOARD:

J. P. STARK, *Director.*

C. H. WATTERS, *Director.*

CO  
s  
ver) LTD. and its wholly-owned subsidiaries

## T AS AT FEBRUARY 28, 1970

### LIABILITIES

#### CURRENT:

	1970	1969
Bank loans and other indebtedness .....	\$ 396,504	\$ 259,225
Accounts payable and accrued liabilities .....	327,196	282,148
Current portion of long term indebtedness .....	60,000	60,000
Income taxes payable .....	199,805	111,867
	<u>983,505</u>	<u>713,240</u>

LONG TERM INDEBTEDNESS-note 1 .....	76,500	286,500
PROVISION FOR FUTURE INCOME TAXES-note 4 .....	120,757	137,351
TOTAL LIABILITIES .....	<u>1,180,762</u>	<u>1,137,091</u>

### SHAREHOLDERS' EQUITY

#### SHARE CAPITAL - note 2

##### Authorized:

- 100,000 Class "A" shares of no par value (redeemable at option of the company for \$12 per share)
- 180,000 Class "B" shares of no par value

##### Issued:

91,000 Class "A" shares-note 1 .....	782,000	692,000
177,000 Class "B" shares-note 1 .....	179,500	119,500

	961,500	811,500
RETAINED EARNINGS .....	362,522	149,505
	<u>1,324,022</u>	<u>961,005</u>
	<u>\$2,504,784</u>	<u>\$2,098,096</u>

### AUDITORS' REPORT

The Shareholders,

A-1 Steel and Iron Foundry (Vancouver) Ltd.

We have examined the consolidated balance sheet of A-1 Steel and Iron Foundry (Vancouver) Ltd. and its subsidiaries as at February 28, 1970 and the consolidated statements of earnings and retained earnings and source and application of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at February 28, 1970 and the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LACTIN, PICKERING, GENIER & CO.,  
Chartered Accountants.



A-1 STEEL AND IRON FOUNDRY (Vancouver) LTD.  
and its wholly-owned subsidiaries

**CONSOLIDATED STATEMENT OF EARNINGS  
AND RETAINED EARNINGS  
FOR THE YEAR ENDED FEBRUARY 28, 1970**

	1970	1969
Sales .....	\$4,131,494	\$2,913,957
Cost of sales .....	3,120,384	2,236,177
Gross Profit .....	1,011,110	677,780
Selling and administration expenses .....	429,611	409,390
	581,499	268,390
Income taxes .....	291,832	126,428
Net earnings for the year .....	289,667	141,962
Retained earnings — beginning of year .....	149,505	230,854
	439,172	372,816
<i>Summed 268,000 shares = 1.38</i>		
<i>0.53 gem May 23, 19</i>		
<b>Deduct</b>		
Adjustment of prior year's earnings .....	—	7,865
Provision for income taxes applicable to future years ....	—	156,946
Dividends declared:		
Class "A" .....	50,100	34,200
Class "B" .....	26,550	24,300
	76,650	58,500
	76,650	223,311
Retained earnings — end of year .....	\$ 362,522	\$ 149,505

Included in costs and selling and administration  
expenses are the following charges

Depreciation .....	\$ 115,183	\$ 110,281
Interest on borrowed funds .....	54,512	58,035
	\$ 169,695	\$ 168,316



A-1 STEEL AND IRON FOUNDRY (Vancouver) LTD.  
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**CONSOLIDATED STATEMENT OF SOURCE AND  
APPLICATION OF WORKING CAPITAL  
FOR THE YEAR ENDED FEBRUARY 28, 1970**

	1970	1969
Source of working capital:		
Net earnings before income taxes .....	\$ 581,499	\$ 268,390
<i>Add:</i>		
Items not requiring an outlay of working capital		
Depreciation .....	115,183	110,281
Proceeds from issue of shares-note 1 .....	150,000	—
Special refundable tax .....	4,380	1,186
	<u>851,062</u>	<u>379,857</u>
<i>Deduct:</i>		
Adjustment to prior year's income .....	—	7,865
Reduction in provision for future income tax-note 4 ....	16,594	19,595
	<u>834,468</u>	<u>352,397</u>
Application of working capital:		
Income taxes .....	291,832	126,428
Long term debt paid or currently maturing .....	210,000	60,000
Additions to fixed assets .....	94,008	53,333
Dividends paid .....	76,650	58,500
	<u>672,490</u>	<u>298,261</u>
Increase in working capital .....	161,978	54,136
Working capital — beginning of year .....	450,692	396,556
Working capital — end of year .....	<u>\$ 612,670</u>	<u>\$ 450,692</u>



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT FEBRUARY 28, 1970

### Note 1:

Long term indebtedness is represented by a Bank loan in the amount of .....	\$136,500
Less payment due within 12 months .....	60,000
	<u>\$ 76,500</u>

The Bank loan is secured by a debenture, providing  
a mortgage on fixed assets and a floating charge  
on all other assets of the companies.

During the year long term indebtedness totalling

\$150,000.00 was repaid by the issue of 15,000 Class "A" shares @ \$6.00 per share .....	\$ 90,000
15,000 Class "B" shares @ \$4.00 per share .....	60,000
	<u>\$150,000</u>

### Note 2:

(a) At the discretion of the Directors, the company's Class "A" shareholders shall be entitled, in any one year to non-cumulative, preferential cash dividends of 60c per share. Any further dividends declared by the Directors shall be paid firstly to the Class "B" shareholders to the extent of 60c per share per annum and thereafter in equal amounts per share to the Class "A" and Class "B" shareholders.

(b) Any further issues of Class "A" or Class "B" shares must be accompanied by a concurrent issue in like number of shares of the other class, except that Class "B" shares may be issued in exercise of stock option agreements without any Class "A" shares being issued.

(c) As at February 28, 1970 options for 9,000 Class "B" shares were outstanding. These options are exercisable at \$4.25 per share to February 9, 1971 by Officers who are also Directors of the company.

### Note 3:

The total remuneration paid during the year to Directors and Senior Officers aggregate \$137,532.

### Note 4: Provision for Future Income Taxes

Income tax otherwise payable by A-1 Steel and Iron Foundry (Vancouver) Ltd. and subsidiary companies for 1970 has been decreased by \$16,594 as the companies have recorded depreciation of fixed assets in excess of capital cost allowance claimed for tax purposes. The provision for future income tax totals \$120,757 representing capital cost allowance claimed for tax purposes in prior years in excess of depreciation.





SAWMILL / PULPMILL CATALOGUE NO. 104

**I'ANCO**  
PRODUCTS

A-1 STEEL AND IRON FOUNDRY LTD.  
1775 Clark Drive, Vancouver 12, B.C., Canada  
Phone 253-7171 Cable address: I'ANCOVAN



LOGGING RIGGING CATALOGUE NO. 6

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Telex DE 5106

